



**CITY OF LAREDO, TEXAS
INTERNAL AUDIT DIVISION**

To: Honorable Mayor & Members of the City Council

CC: Robert A. Eads, City Manager
Rosario C. Cabello, Deputy City Manager
Kristina L. Hale, Assistant City Manager
Riazul I. Mía, Assistant City Manager
Alyssa J. Castillon, Interim City Attorney

From: Elia Y. Rodriguez, Interim Internal Auditor *EYR*

Date: August 13, 2021

Subject: Friday Packet: Internal Audit Report(s) and/or Update(s)

Enclosed we are re-submitting the following report(s) for your review and subsequent approval at the upcoming City Council meeting:

1. Special Assignment: Don Tomas Sanchez Statue – City of Laredo Cost Expense Analysis Audit Report – Executive Summary with *Department Response*.

On behalf of the Internal Audit Division, we would like to thank all department management and staff for their assistance during our audit. If you should have any questions regarding the enclosed report(s) submitted, please feel free to contact me at my office at (956) 790-1808. Thank you.

City of Laredo, Texas
Internal Audit Division



Special Audit Assignment:

Fiscal Year (FY) 2021 Don Tomas Sanchez Statue -
City of Laredo Cost Expense Analysis Audit Report:
(with Executive Summary and Department Response)

June 30, 2021

EXECUTIVE SUMMARY

As per the City Council directive given on April 29, 2021, the Internal Audit Division conducted a Cost Expenses Analysis of the Don Tomas Sanchez Statue contract. Specifically, the audit was to work alongside the City Manager's Office and the City Attorney's Office to conduct an audit or investigation with regards to the pending Don Tomas Sanchez statue to include the exploration of any applicable contract, purchase orders, funding sources, and the status of work with the vendor.

The scope of this audit consisted of a review and report on cost expense of pertinent City of Laredo (City) associated with the Artist Armando Hinojosa - Prestige Art, LLC (Prestige Art, LLC) contract, purchase orders, and processed checks reviewed for compliance for the period August 1, 2016 through May 26, 2017. The audit sample consisted of seven (7) invoices submitted from Prestige Art, LLC in the amount of \$440,000 paid by the City of Laredo. This is 97.78% total amount paid from the amount authorized of \$450,000 as per the City Council on August 1, 2016. This report contains a total of five (5) findings along with recommendations pertinent to our review for improved accountability of the City of Laredo contracted services from Artist Armando Hinojosa.

Based upon the audit test work performed and the findings, noted below, we concluded that:

1. The Internal Audit Division with the City Manager's Department, the City Attorney's Department, and other departments and divisions made an effort to trace for the written contract done in August 2016 between the City of Laredo and the Artist Armando Hinojosa (Prestige Art, LLC). No contract was found.
2. A Purchase Order was not properly tied to any contract, nor was one ever found.
3. Prestige Art, LLC invoices were paid without proper verification.
4. Purchasing and Accounts Payable Division expedite from three (3) to thirteen (13) business days all Purchase/Blanket Orders and/or Checks.
5. City Purchase Order's approval pertaining to Prestige Art, LLC on the years of 2016 and 2017, the system only needed the Department's approval.

Please keep in mind that the above are only a summary, and more detailed results can be found in the ensuing audit report. With the summary of audit results reflected above, we are first and foremost recommending that the City Attorney's Department be the department that drafts these types of contracts (Procurement Professional Services) and ensure both parties meet for signatures. In addition, it is recommended that each department that manages contracts should have a Contract Administrator. This employee will have a specific project management skill that will ensure the contract terms, conditions, all necessary requirements, and maintain proper documentation as per the contract.

**City of Laredo
Internal Audit Division**

Special Assignment:

Don Tomas Sanchez Statue – City of Laredo Cost Expense Analysis Audit Report

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BACKGROUND

As per the City Council directive given on April 29, 2021, the Internal Audit Division conducted a Cost Expenses Analysis of Don Tomas Sanchez Statue contract. Specifically, the audit was to work alongside the City Manager's Office and the City Attorney's Office to conduct an audit or investigation with regards to the pending Don Tomas Sanchez Statue to include the exploration of any applicable contract, purchase orders, funding sources, and the status of work with the vendor. For background purpose, we've provided the following timeline of history surrounding the City Council approved the assignment of the aforementioned agreement to the Prestige Art, LLC.

- City Council took action on August 1, 2016 to “requested by Council Member Roberto Balli to commission a bronze sculpture of Laredo’s founder, Don Tomas Sanchez, by the Artist Armando Hinojosa. In addition, the City Attorney, Raul Casso, confirmed that this sculpture is an art piece and a sole source provider and a personal service. This sculpture is unique and individual to the sculptor, meaning it cannot be reproduced by any sort of competition. Therefore, this purchase is exempt from the Procurement Act.”
- City Council took action on May 17, 2021 to “requested a status update on the Don Tomas Sanchez sculpture project, “Mr. Guillermo Garcia, son in law of sculptor Armando Hinojosa, reported that after Mr. Hinojosa was selected for the Don Tomas Sanchez sculpture, he began thorough research on the man and any historical detail and context to assist him in the work. He completed the clay maquette and presented it to the City in November 2019; once the maquette is enlarged it is sent to the foundry to be cast in bronze. After the unveiling of the maquette, the COVID-19 pandemic disrupted and delayed the enlargement process where it is currently. Mr. A Hinojosa noted that he typically has a contract with the entity where those terms are set. He confirmed that there is no contract between himself and the City on this sculpture. Motion to direct staff to enter into a formal agreement with Armando Hinojosa to set a deadline for the Don Tomas Sanchez sculpture completion by September 1, 2022 and to ask the City Attorney’s Office to ensure compliance to this agreement’s terms and to ask the sculptor to provide a report or update on the progress every three months, as amended.”

It should be noted that Mr. Hinojosa stated on May 17, 2021 that he did not have a contract with the City of Laredo on this sculpture. It needs to be mentioned that on August 1, 2016 the City Council and Mr. Armando Hinojosa established an oral contract. Mr. Hinojosa agreed to provide services with a unique sculpture that is still pending to be delivered on September 1, 2022 and the City of Laredo has complied by paying \$440,000 a 97.78% from the total amount of \$450,000 agreed as per the City Council meeting.

City of Laredo “Purchases of Professional Services”

Additionally, it is important to note, as part of the background of this audit, that the City of Laredo has an Accounting Procedures Manual – Purchasing Policies and Procedures in place that addresses the following:

Section No. 120-30-0 - Professional Services.

The procurement of professional services is governed by the Vernon’s Texas Civil Statutes (V.C.T.S) Article 664-4, **“Professional Services Procurement Act. “This Act states that contracts for the procurement of defined professional services may not be awarded on the basis of bids. These services must be awarded on the basis of demonstrated competence and qualifications, so long as the professional fees are consistent with, and not higher than the published recommended practices and fees of the various professional associations and do not exceed any maximums provided by state law.”** Professional services are defined as those performed by the Professional Service Procurement Act and those professions specifically listed by the Act. Some examples include a certified public accountant, licensed architect, physician, optometrist, registered surveyor, engineer or any group or association thereof.

All professional service contracts shall be approved using the following guidelines:

- (a) City Manager (or designee) – All contractual service contracts and revisions up to \$49,999.00
- (d) **City Council – All professional service contracts at or exceeding \$50,000.00.”**

The Ordinance **2015-O-117** declares, “**THE STATE OF TEXAS, COUNTY OF WEBB, CITY OF LAREDO**, it states, **WHEREAS**, the City Council of the City intends to finance the Projects from proceeds derived from the sale of Certificates of Obligation issued by the City pursuant to Sections 271.041 - 271.063, Texas Local Government Code, as amended, and Subchapter B of Chapter 367 of the Transportation Code (which permits the issuance of toll bridge revenue bonds).

SECTION 1. AMOUNT AND PURPOSE OF THE CERTIFICATES OF OBLIGATION.

(a) The certificate of obligation or certificates of obligation of the City of Laredo (the “**Issuer**”) are hereby authorized to be issued and delivered in the aggregate principal amount as designated by the Pricing Officer of the City pursuant to the provisions of Section 1(b) of this Ordinance for the purpose of **PAYING, ALL OR A PORTION, OF THE CITY’S CONTRACTUAL OBLIGATIONS INCURRED FOR THE PURPOSE OF (1) CONSTRUCTING, IMPROVING AND REPAIRING CITY STREETS AND SIDEWALKS, TOGETHER WITH DRAINAGE, TRAFFIC AND STREET SIGNALIZATION AND LIGHTING IMPROVEMENTS; (2) RENOVATING AND IMPROVING CITY-OWNED BUILDINGS, (3) ACQUISITION OF EQUIPMENT AND VEHICLES FOR VARIOUS CITY DEPARTMENTS, TO WIT: CITY ADMINISTRATION, HEALTH DEPARTMENT, ENGINEERING DEPARTMENT, PARKS AND LEISURE DEPARTMENT, PUBLIC SAFETY DEPARTMENT, AND PUBLIC WORKS DEPARTMENT; (4) ACQUIRING, CONSTRUCTING AND IMPROVING MUNICIPAL PARKS AND RECREATIONAL FACILITIES, INCLUDING CONSTRUCTING RELATED DRAINAGE IMPROVEMENTS AND LANDFILL CELL, (5) PURCHASING ONE OR MORE**

PARCELS OF LAND LOCATED IN THE CITY'S DOWNTOWN AREA FOR MUNICIPAL PARKING, MUNICIPAL BUILDINGS AND FOR FUTURE IMPROVEMENTS TO THE CITY-OWNED PLAZA THEATER, (6) PURCHASING LAND AND IMPROVEMENTS ON CHIHUAHUA STREET FOR FUTURE DEVELOPMENT AS A PUBLIC MUSEUM OR COMMUNITY ACTIVITY CENTER, AND (7) PAYING LEGAL, FISCAL, AND ENGINEERING FEES IN CONNECTION WITH SUCH PROJECTS AND TO PAY COSTS OF ISSUANCE."

AUDIT SCOPE AND METHODOLOGY

This audit consists of a review and a report on cost expenses pertinent to the City of Laredo (City) associated with the Artist Armando Hinojosa - Prestige Art, LLC (Prestige Art, LLC) contract, purchase orders, and processed checks reviewed for compliance for the period of August 1, 2016 through May 26, 2017. In order to achieve the audit objectives, we:

- Conducted interviews to the respective departments
- Finance Department – Accounts Payable Division - Copy of Checks Payable to Prestige Art, LLC
 - Total of Seven (7) Invoices submitted by Prestige Art, LLC with the respective Seven (7) processed Checks from the City of Laredo
- I-Series Program– Purchase and Blanket Orders verification of authorizations
- Obtained an understanding of the most recent City of Laredo - Accounts Payable Policy & Procedures Manual;
- Obtained an understanding of the most recent City of Laredo - Purchasing Policy & Procedures Manual.
- Obtained an understanding of the Ordinances No. 2015-O-117 and No. 2016-O-109

The City Council requested an explanation of where the funds used for the Don Tomas Sanchez Statue Project originated. The Finance Department provided us with this information. (Exhibit 3) The City used 2009, 2015 and 2016 Certificates of Obligation Bonds. This Project used District Priority Funds allocated from the mentioned bond issues.

We conducted this audit from April 2021 to June 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit results and conclusions based on our audit objectives.

AUDIT RESULTS & RECOMMENDATIONS

CITY MANAGER’S DEPARTMENT

Finding #1

The Internal Audit Division with the City Manager’s Department, the City Attorney’s Department, the City Secretary Department, the Finance Department, the Purchasing Division and the Engineering Department made an effort to trace the written contract done on August 2016 between the City of Laredo and the Artist Armando Hinojosa (Prestige Art, LLC). No contract was found. In addition, Mr. Hinojosa confirmed on May 17, 2021 during the City Council Meeting that he did not have a contract with the City. The City Manager’s Department was/is the responsible department to create and execute the contract with signatures and establishing the terms.

Recommendation

The Internal Audit Division found no contract was created and properly executed. To fully protect the City's interest, it is important the City Manager's Department and the City Attorney's Office create a contract, if not done already. To fully correct and execute this contract and make sure it gets completed on time in order to ensure that the contract terms remain enforceable. The City and the Artist established a new contract on May 17, 2021 at the City Council Meeting with terms.

The Internal Audit Division recommends the City Attorney's Department be responsible for these types of contracts (Procurement Professional Services) and ensure both parties meet for signatures. This department will be the BEST to guide and guarantee the finest interest for the City. Once a contract is signed a copy should be sent to the following departments: City Secretary's Department, City Manager's Department, Purchasing Division, and the respective Department responsible to execute the contract. Then the Department Director should assign it to the Contract Administrator who will be the responsible employee to initiate the procurement of goods and/or services and monitor the vendor's performance and payments.

Finding #2

A Purchase Order was not properly tied to any contract. No contract was found to be connected to a Purchase Order. In this case, Prestige Art, LLC submitted their first invoice on August 5, 2016, No. 5001 for a total amount of \$150,000 (Exhibit 1), four (4) days after the City Council approved on August 1, 2016. The City Manager's department at this time should have asked and/or questioned about the written contract to be able to set up the Purchase Order as per the Purchasing Policies and Procedures. The City Manager's Department (CM) gave the directive to the Finance Department (Finance), Account Payable Division (Accounts Payable), and to the Purchasing Division (Purchasing) via emails to follow the Motion and the Minutes as the approval from the City Council Meeting on August 2016 to process all Purchase Orders and Checks. A total of three (3) different Purchase Orders (270629, 272677, and 274881) and One Blanket Purchase Order (276590), and seven (7) checks were generated for Prestige Art, LLC. (Exhibit 1)

Recommendation

As per the Accounting Procedures Manual – Purchasing Policies and Procedures, 110-00-0 Objective and Description. “DESCRIPTION, The City utilizes an automated purchase order system. Materials, supplies, and services may be secured utilizing various methods which comply with the established purchasing statutes. **Purchases are initiated at the department level by preparing a Purchase Requisition.** The Purchase Requisition is then used by the City's Finance Department, Purchasing Division to prepare a Purchase Order for an authorized vendor to secure needed goods or services. **The Purchase Order, duly approved and prepared in accordance with the City of Laredo's purchasing policies, constitutes a commitment by the City for the expenditure of monies and is recorded into the encumbrance accounting system.** Once the

purchased commodity is received or the service completed, a receiving report is prepared. This report is then matched with vendor invoice, Purchase Order, and supporting Purchase Requisition and input into the City's accounts payable system for payment (original encumbrance reversed)." The Internal Audit Division strongly recommends the City Manager's Department to have a Contract Administrator; this employee will have a specific project management skill that will ensure the contract terms, conditions, all necessary requirements, and maintain proper documentation as per the contract.

Finding #3

Prestige Art, LLC invoices were paid without proper verification: for example, four (4) out of seven (7) invoices submitted were without invoice numbers, all invoices were without a Purchase Order (Exhibit 1). In addition, all invoices were submitted to the following address: 1110 Houston, St., Laredo, Texas 78040

Recommendation

As per the City of Laredo, Accounts Payable Policy and Procedures, Section PROCEDURES – Subsection Invoice Requirements states, "An invoice must have, **1. Official letterhead with vendors name and address, 2. Date of sale, 3. Total dollar amount due, 4. Description of items purchased, 5. Purchase order number, 6. Invoice number, 7. Billable to the City of Laredo.**" Section POLICIES – subsection Invoices: **Invoices must be submitted to Accounts Payable for auditing and payments by vendors to: City of Laredo, Accounts Payable Division, P. O. Box 210, Laredo, Texas 78040-0210.**"

Internal Audit Division recommends if invoices are received at the department level to verify that it has all the invoices requirements as per the policy.

Finding #4

The vendor submitted a total of seven (7) invoices in ten (10) months, for a total amount of \$440,000 and the City complied by processing seven (7) checks to each corresponding invoice (Exhibit 1). It needs to be mentioned that the Purchasing Division processed the Purchase Orders and Blanket Order three (3) to seven (7) business days from the date the Requisition was submitted and the Accounts Payable Division was able to generate a check payment four (4) to thirteen (13) business days from the date the invoices were received. As per the review all invoices submitted by Prestige Art, LLC were done in a timely manner.

Recommendation

As per the City of Laredo, "Accounts Payable Policy and Procedures, Section PROCEDURES - Subsection Timely Payment Cycle Depends on Various Factors:

1. Invoices are submitted in to Accounts Payable on a timely basis
2. Purchase order number is on the invoice
3. Invoice items and amounts match the purchase order items and amounts
4. Purchase order are electronically received

5. Non-encumbered requests must be properly documented and coded and checked for budget availability

Payment to vendors will be issued at least twice a month. **This will be meeting the 30 days terms.** Checks are processed on Wednesdays and Fridays. For immediate payments (these are special requests with prior arrangements, not because of poor planning) we require that you allow Accounts Payable enough time to process the check.”

The Internal Audit Division recommends the City Manager’s Department follow all policies in place. The organization took time and effort from all departments to establish these policies to be able to set order, procedures and timeline. All vendors should follow the policies and/or Ordinances the City has in place to complete any contract or agreement established with the City.

Finding #5

Exhibit 2 a compiled City Purchase Order’s approval pertaining to Prestige Art, LLC was generated from the City I-Series Program System. On the Internal Audit reviewed, a total of three (3) Purchase Orders and one (1) Blanket Order were created to process the payments for the Artist. The Finance Department and Purchasing Division confirmed that in 2016 and 2017, the system was not requiring the City Manager’s approval on the Purchase/Blanket orders, only the Department approval was needed. Currently, the system does require the City Manager's Approval to be able to process the Purchase/Blanket orders.

Recommendation

As per the Accounting Procedures Manual – Purchasing Policies and Procedures, 120-30-0 Professional Services

All professional service contracts shall be approved using the following guidelines:

- (d) City Council – All professional services contracts at or exceeding \$50,000.”

Internal Audit recommends that the system requires the City Manager's approval for Purchase/Blanket Orders, especially the City Council contracts \$50,000 and over, if not done already. It needs to be mentioned, the City Managers is depending on the person who is submitting the procurement of goods and/or services to the Purchasing Division, this person should be a Contract Administrator, because he/she already received the contract, review it, analyze it and all necessary requirements are in place ready for the City Managers to submit his/her approval.

APPENDIX A – STAFF ACKNOWLEDGEMENT

Elia Y. Rodriguez, Interim Internal Auditor

EXHIBIT 1

PRESTIGE ART, LLC SUBMITTED SEVEN (7) INVOICES

CITY OF LAREDO PROCESSED CHECKS AND PURCHASE/BLANKET ORDERS

COUNCIL MEETING APPROVED	CITY AMOUNT PAID	PRESTIGE ART, LLC INV. NO./ DATE/ AMOUNT/ PURCHASE ORDER (PO) NUMBER	CITY REQUISITION NUMBER & DATE	CITY ACCOUNTS PAYABLE INVOICE RECEIVED DATE	CITY PURCHASE/ BLANKET ORDER NUMBER/ DATE / AMOUNT	CITY PROCESSED CHECK NUMBER / DATE/ AMOUNT	CITY OF LAREDO DATE CHECK CLEARED FROM BANK	NUMBER OF BUSINESS DAYS INVOICE RECEIVED TO PROCESS CHECK	NUMBER OF BUSINESS DAYS REQUISITION TO PURCHASE/ BLANKET ORDER
08/01/2016	\$ 150,000	5001 08/05/2016 (\$150,000) NO PO NUMBER	327552 08/09/2016	08/10/2016	PURCHASE ORDER 270629 08/11/2016 (\$150,000)	486401 08/12/2016 (\$150,000)	8/12/2016	6 Days	3 Days
	\$ 50,000	5002 09/16/2016 (\$50,000) NO PO NUMBER	329654 09/21/2016	09/21/2016	PURCHASE ORDER 272677 09/30/2016 (\$50,000)	489036 10/04/2016 (\$50,000)	10/6/2016	13 Days	8 Days
	\$ 50,000	5003 10/27/2016 (\$50,000) NO PO NUMBER	331856 10/31/2016	11/09/2016	PURCHASE ORDER 274881 11/08/2016 (\$50,000)	491067 11/10/2016 (\$50,000)	11/10/2016	11 Days	7 Days
	\$ 50,000	<u>NO INVOICE NUMBER</u> 12/08/2016 (\$50,000) NO PO NUMBER	333865 12/09/2016	12/14/2016	BLANKET ORDER 276590 12/14/2016 (\$50,000)	492788 12/15/2016 (\$50,000)	12/16/2016	6 Days	4 Days
	\$ 50,000	<u>NO INVOICE NUMBER</u> 01/30/2017 (\$50,000) NO PO NUMBER	336165 02/01/2017	01/31/2017	BLANKET ORDER 276590 12/14/2016 (\$100,000)	495239 02/02/2017 (\$50,000)	2/3/2017	4 Days	
	\$ 50,000	<u>NO INVOICE NUMBER</u> 03/14/2017 (\$50,000) NO PO NUMBER	N/A	03/16/2017	BLANKET ORDER 276590 12/14/2016	497668 03/21/2017 (\$50,000)	3/24/2017	6 Days	
	\$ 40,000	<u>NO INVOICE NUMBER</u> 05/11/2017 (\$40,000) NO PO NUMBER	340609 05/15/2017	5/24/2017	BLANKET ORDER 276590 12/14/2016 (\$190,000)	501257 05/26/2017 (\$40,000)	5/26/2017	12 Days	
	\$ 440,000	TOTAL AMOUNT PAID							
	\$ 450,000	BUDGETED AMOUNT							
	97.78%	PERCENTAGE TOTAL AMOUNT PAID							

**EXHIBIT 2
COMPILED CITY PURCHASE ORDER'S APPROVALS PERTAINING TO PRESTIGE ART, LLC**

PURCHASE-BLANKET ORDER/ DATE/ AMOUNT	REQUISITION NUMBER & DATE	DIVISION APPROVAL/ DATE/TIME	DEPARTMENT APPROVAL/ DATE/TIME	ACCOUNTANT APPROVAL/ DATE/TIME	CAPITAL OUTLAY REVIEW/ DATE/TIME	RETURNED TO SENDER/ DATE/TIME	PURCHASING AGENT APPROVAL/ DATE/TIME	RETURNED TO SENDER/ DATE/TIME	FINANCE DIRECTOR APPROVAL/ DATE/TIME	RETURNED TO SENDER/ DATE/TIME	CITY MANAGER APPROVAL/ DATE/TIME	RETURNED TO SENDER/ DATE/TIME	RETURNED TO SENDER/ DATE/TIME	PURCHASING AGENT APPROVAL/ DATE/TIME	RETURNED TO SENDER/ DATE/TIME		
270629 08/11/2016 Purchase Order (\$150,000)	327552 08/09/2016	CRANGEL 08/11/2016 10:46	HDELEON 08/11/2016 10:53	ADELGADO 08/11/2016 11:45	JQUIROZ 08/11/2016 12:02	MPESCADOR 08/11/2016 14:11	MPESCADOR 08/11/2016 14:11	MPESCADOR 08/11/2016 14:11	RCABELLO 08/11/2016 14:49	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
272677 09/30/2016 Purchase Order (\$50,000)	329654 09/21/2016	CRANGEL 09/29/2016 13:56	READS 09/29/2016 15:16	EMASCORRO 09/29/2016 16:01	N/A	MSALDANA 09/29/2016 16:05	MPESCADOR 09/29/2016 17:20	MPESCADOR 09/29/2016 17:21	JCASTILLO 09/29/2016 18:14	MBOSQUEZ 09/30/2016 8:21	READS 09/30/2016 14:03	N/A	N/A	N/A	N/A	N/A	
274881 11/08/2016 Purchase Order (\$50,000)	331856 10/31/2016	CRANGEL 10/31/2016 09:51	HDELEON 11/07/2016 09:01	EMASCORRO 11/07/2016 09:18	N/A	MPESCADOR 11/07/2016 11:38	MPESCADOR 11/07/2016 11:38	MPESCADOR 11/07/2016 11:38	JCASTILLO 11/07/2016 11:53	MSALDANA 11/07/2016 15:30	CCOLLAZO 11/08/2016 09:43	N/A	N/A	N/A	N/A	N/A	
276590 12/14/2016 BLANKET ORDER (\$190,000)	333865 12/09/2016	CRANGEL 12/12/2016 9:31	READS 12/14/2016 14:13	EMASCORRO 12/14/2016 14:20	N/A	MPESCADOR 12/14/2016 14:34	MPESCADOR 12/14/2016 14:35	MPESCADOR 12/14/2016 14:35	JCASTILLO 12/14/2016 15:37	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
	336165 02/01/2017 (Cancelled)	CRANGEL 02/01/2017 8:36	HDELEON 02/02/2017 9:41	ADELGADO 02/02/2017 9:43	JAMAYAI 02/02/2017 09:46	MSALDANA 02/03/2017 12:33	MPESCADOR 02/03/2017 15:14	MSALDANA 02/07/2017 16:38	JCASTILLO 02/07/2017 17:03	MSALDANA 02/13/2017 16:20	CCOLLAZO 02/07/2017 17:03	MSALDANA 02/13/2017 16:20	MSALDANA 02/13/2017 16:20	N/A	N/A	N/A	
	340609 05/15/2017 (Cancelled)	CRANGEL 05/19/2017 10:36	CRANGEL 05/23/2017 11:19	ADELGADO 05/24/2017 10:44	JAMAYAI 05/24/2017 12:48	EALDAPE 05/24/2017 16:03	EALDAPE 05/24/2017 16:04	EALDAPE 05/24/2017 16:20	RCABELLO 05/24/2017 16:21	EALDAPE 05/24/2017 16:23	READS 05/24/2017 16:35	EALDAPE 05/24/2017 16:56	EALDAPE 05/24/2017 16:56	MPESCADOR 05/25/2017 9:30	JCASTILLO 05/25/2017 9:21	EALDAPE 05/25/2017 9:31	
TOTAL AMOUNT																	\$ 440,000

EXHIBIT 3

COMPILED CITY EXPENDITURES REPORT PERTAINING TO PRESTIGE ART, LLC

CHECK #	TRANSACTION DATE	VENDOR	AMOUNT	COMMODITY	ACCOUNT NO.	ACCOUNT NAME	DEPARTMENT	PURCHASE / BLANKET ORDER NUMBER
486401	08/05/16	PRESTIGE ART, LLC	\$ 13,835	ART OBJECTS/SCULPTURES	402-4326-535.51-51	DON TOMAS SANCHEZ SCULPTURE	City Managers Office	270629
	08/05/16	PRESTIGE ART, LLC	\$ 77,714	ART OBJECTS/SCULPTURES	464-7710-535.96-64	DON TOMAS SANCHEZ SCULPTURE		270629
	08/05/16	PRESTIGE ART, LLC	\$ 55,118	ART OBJECTS/SCULPTURES	464-9810-535.96-64	DON TOMAS SANCHEZ SCULPTURE		270629
	08/05/16	PRESTIGE ART, LLC	\$ 3,333	ART OBJECTS/SCULPTURES	466-9853-535.51-51	DON TOMAS SANCHEZ SCULPTURE		270629
489036	09/16/16	PRESTIGE ART, LLC	\$ 50,000	ART OBJECTS/SCULPTURES	469-9853-535.46-69	DON TOMAS SANCHEZ SCULPTURE	City Managers Office	272677
491067	10/27/16	PRESTIGE ART, LLC	\$ 50,000	ART OBJECTS/SCULPTURES	469-9853-535.46-69	DON TOMAS SANCHEZ SCULPTURE	City Managers Office	274881
492788	12/08/16	PRESTIGE ART, LLC	\$ 50,000	ART OBJECTS/SCULPTURES	469-9853-535.46.69	DON TOMAS SANCHEZ SCULPTURE	City Managers Office	276590
495239	01/30/17	PRESTIGE ART, LLC	\$ 50,000	ART OBJECTS/SCULPTURES	469-9853-535.46-69	DON TOMAS SANCHEZ SCULPTURE		276590
497668	03/16/17	PRESTIGE ART, LLC	\$ 50,000	ART OBJECTS/SCULPTURES	469-9853-535.46-69	DON TOMAS SANCHEZ SCULPTURE		276590
501257	05/11/17	PRESTIGE ART, LLC	\$ 40,000	ART OBJECTS/SCULPTURES	469-9853-535.46-69	DON TOMAS SANCHEZ SCULPTURE		276590
TOTAL AMOUNT PAID			\$ 440,000					



CITY OF LAREDO

Office of the City Manager

August 10, 2021

Elia Rodriguez
Interim Internal Auditor
City of Laredo

The below serves as a response to the Don Tomas Sanchez Statue Audit Report

(1) Agreement with audit findings and recommendations or reasons for disagreement with audit findings and recommendations;

The City Manager's Office received the report and is in agreement with the recommendations and findings listed.

(2) A description of the progress in resolving findings noted or plans for addressing findings noted

The issue with the Don Tomas Sanchez was reviewed with all parties at City Council earlier this year where timing and next steps were shared. The statue is in the casing stages and the artist continues to work on it.

(3) An implementation schedule identifying specific steps to be taken and target dates for resolution of findings and/or implementation of corrective action taken.

The City and artist have reached a mutual agreement to stay on a proposed delivery timeline and continue constant communication should issues arise. The issues with the contract and purchase orders was done with previous management. Current management has worked with all parties to rectify issue and confirm delivery.

Should you have any other concerns, please contact my office at (956) 285-4960.

Robert A. Eads, ICMA
City Manager of Laredo, Texas

